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SUBJECT: DK Garment Factory Shuts Down After Strike and Financial Problems, Leaving Foreign Workers Due Back Wages

REFS: A) Amman 392
B) Amman 226
C) 07 Amman 4991

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¶1. (SBU) Summary: Approximately 93 Bangladeshi employees at DK Textiles Company in Al Hassan Qualifying Industrial Zone (QIZ) went on strike in January 2009 after an altercation between a Bangladeshi supervisor and Bangladeshi employee. The strike led to financial problems that caused DK to close down on February 16. Although the National Labor Committee (NLC) did not publish any reports on the situation on its website, it did contact the Ministry of Labor (MOL), U.S. buyers, and other relevant parties with reports from workers at the factory that MOL investigated and found to contain inaccuracies. At the request of the workers, MOL repatriated 90 foreign workers at government expense and transferred 25 workers to other factories in Jordan. MOL ensured provision of food, water, and medical care. Workers are still owed about \$40,000 in back wages and annual leave benefits for January, but DK claims that it cannot pay the outstanding dues to workers until the Israeli company Tefron pays DK \$120,000-\$130,000 for final deliveries and promised orders. MOL welcomed any information on Tefron's position regarding DK that Embassy Tel Aviv may be able to provide. Having received legal representation through the Bangladeshi Embassy in Amman, the foreign workers have filed a court case in Jordan against DK, with a verdict expected in April. The Bangladeshi Embassy expressed satisfaction with the manner in which MOL handled the complex labor situation. End Summary.

Altercation Leads to Strike

¶2. (SBU) The problems at DK Textiles Company in the northern Al Hassan QIZ near Irbid began on January 21 when a Bangladeshi supervisor and a Bangladeshi employee got into a physical altercation. MOL interviews with Bangladeshi workers, Jordanian workers, and management could not clarify who started the fight. Apparently, the reason for the altercation related to a request by the employee for leave abroad and a drop in production by the employee when this leave was not immediately approved by the supervisor because the owner/General Manager Sergio Domovisky was in Israel at the time.

13. (SBU) According to MOL, both individuals went to the police station and filed complaints against one another. They were subsequently detained and requested to submit a medical report. The supervisor submitted such a report but the employee did not. The supervisor was released the same day because the complaint against him was not supported by a medical report. MOL, the Bangladeshi Embassy, and management undertook mediation efforts between the two, which resulted in the supervisor withdrawing his complaint. Consequently, the employee was released from detention on January 23.

14. (SBU) 93 Bangladeshi workers had gone on strike on January 21 demanding the release of the employee. The strike, however, continued after the employee was released. Workers did not give the legally required 14-day notice, rendering the strike illegal. On January 21, MOL gave workers verbal warning of the illegality of the strike, and on January 22, MOL issued a letter to the workers informing them of the same. Workers did not return to work, demanding at that time that the supervisor be dismissed. Management suggested transferring the supervisor to a position where there was no direct contact with the Bangladeshi workers, but workers refused.

Strike Leads to Factory Closure

15. (SBU) Domovisky, an Israeli-Argentine, told MOL, at the time of the strike, that he could not return to Jordan due to events in Gaza and threats against his life. He claimed that the ongoing strike caused the company substantial financial losses which led to the factory closing down on February 16. This decision left approximately 93 foreign workers with back wages and other benefits

due for January. NOTE: Under local labor law, a worker can be dismissed after 10 consecutive working days of absence without a valid reason. Since DK workers were informed that the strike was illegal, DK management had the legal right to consider their absence from work as absence without a valid reason and after following the required procedure, dismissed workers accordingly. MOL confirmed that these 93 workers were entitled to their back wages and unused annual leave to be paid by DK. Under the law, management could also file a lawsuit against the workers for the remaining period of the contract but has not indicated such intent to date. END NOTE. Another 51 DK guest workers were working at another factory in Cyber City where DK rented space under an agreement between the two factories. MOL reported that those workers were paid their January wages on February 15 in the presence of local labor inspectors.

16. (SBU) MOL Advisor Lejo Sibbel estimated to Emboffs that the outstanding wages and annual leave benefits to the DK workers totaled around \$40,000. The MOL has been in contact with Domovisky, who remains abroad, to try to secure payment of dues. Domovisky reportedly explained to MOL that the factory received its contracts through Al-Masera factory in Jordan, which gets orders from Tefron in Israel (ref A). Domovisky claims that Tefron owes it \$120,000-\$130,000 for final deliveries and promised orders. Once DK receives its outstanding payments from Tefron, Domovisky said that he would be able to pay the workers their final dues.

90 Workers Repatriated; 28 Transferred to Other Factory

17. (SBU) During the strike, 93 foreign workers at DK petitioned MOL to return home. Following the closure of the factory, MOL said that a large number of DK workers repeated the same request both verbally and in writing on several occasions. Based on their request, MOL arranged for these repatriations by facilitating their social security refunds and providing them with the airplane tickets paid for by the Government of Jordan. As a result, 26 workers returned home on March 20; 39 on March 27; and a final 25 on March 29. MOL arranged for the transfer to a different factory of another 28 DK workers, who wished to remain in Jordan. Sibbel said that the fact that workers were transferred demonstrates that workers were not deported or forced to leave Jordan, contrary to some NLC allegations. Twelve workers also ran away, according to MOL.

MOL Provided Food and Water

18. (SBU) MOL strove to ensure the well-being of the workers was safeguarded. MOL inspectors frequently visited the dormitory during the period of the strike. During most visits, the inspectors only found 10-20 workers present in the dormitory. MOL provided and paid for food and water. On February 16, MOL inspectors approached the workers in the dormitories and asked them if any of them felt they were in need of medical attention. Subsequently, 18 workers were transported to the clinic of the Textile Union, though prior to this no worker had indicated they were in need of medical attention. The doctor examined all and prescribed medicine for some minor complaints. At that time, the Union offered to pay for the prescriptions but apparently only did so for one. MOL subsequently agreed to pay for the prescriptions of the workers.

Legal Representation Provided by Bangladeshi Embassy

19. (SBU) MOL contacted the Bangladeshi Embassy to arrange for legal representation for the DK workers. Toufiq Islam Shatil, Second Secretary at the Embassy, confirmed to Econoff on April 7 that a lawyer filed a legal case in Jordanian courts against the company on behalf of 145 Bangladeshi workers. Shatil said legal fees will be paid by the Bangladeshi Embassy, and a verdict is expected in April.

110. (SBU) In addition to several visits by Shatil to the factory, he indicated that the Bangladeshi Ambassador to Jordan visited the factory once to try to mitigate problems with the workers. Shatil confirmed that there were issues on both sides, since the strike was not "valid" and management "abandoned" the workers due to ensuing financial problems. According to Shatil, the Bangladeshi Embassy

was happy, however, with the way that the Jordanian government handled the situation and ensured the welfare of the Bangladeshi workers.

111. (SBU) Comment: The GOJ has steadily improved its capacity to respond to strikes in coordination with relevant stakeholders. Still strikes in Jordan are complex and this particular case illustrates some facets: absentee owner, worker-on-worker violence, and the role of the market fluctuations. Regrettably, NLC reports which in the past spurred the GOJ to act, have contained inaccuracies and have had some severe repercussions on garment factories in Jordan when recipients of the information take the allegations at face value as true. This is the second time that a complicated situation at DK became the subject of an NLC report with inaccurate information, although this time the NLC only raised allegations via email with MOL, U.S. buyers, and other relevant parties. The first NLC report on DK in November 2007, which also contained inaccuracies and was published on the NLC website, reportedly led to Victoria Secret's withdrawing orders from DK (ref C). On top of the difficulties in the garment sector due to the global recession, the factory indicated to MOL that this second strike was basically the nail in the coffin. MOL welcomed any information on Tefron's position regarding DK that the U.S. government may be able to provide, i.e., through Embassy Tel Aviv. Additional closures of some of the smaller factories in Jordan are expected as long as apparel orders from the U.S. continue to decline (ref B). Post continues to encourage the Jordanian government's ongoing efforts to ensure that QIZ workers are properly cared for in such situations.

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Beecroft